

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 QUITO 002740

SIPDIS

DEPARTMENT FOR WHA/AND, WHA/PD

E.O. 12958: N/A

TAGS: PHUM PGOV ECON EC

SUBJECT: HOW FREE IS THE PRESS IN ECUADOR?

REF: 03 Quito 3782

1. Summary. Continuing a longstanding battle with the press (Reftel), President Gutierrez recently called for a judicial investigation of a prominent radio director for possible seditious remarks in suggesting the president had received campaign contributions from Colombia's FARC in the 2000 presidential campaign. The media cried foul, and charged the president with yet another attempt to stifle free speech. At the same time, a recent battle between two national television channels demonstrates the chilling impact on freedom of expression of business and private interests on the media. Although the media has covered this media controversy in-depth, its consequences have received little scrutiny or analysis. End Summary.

Gutierrez picks yet another fight with the press

2. During his presidency, President Gutierrez has picked several fights with the media. Last year, exasperated over negative coverage, he considered proposing a gag law to suppress articles he considered biased against him. He also threatened to sue leading daily "El Comercio" for alleging that he had received campaign contributions from a former provincial governor under arrest for drug trafficking. In all cases, after riling the press and causing a firestorm among media analysts, he has backed down.

3. Last month, at the presentation to the media of his new Secretary of Communications and Spokesperson, Ivan Oa (the

SIPDIS

fourth person in the 22 months of the Gutierrez Administration to hold this position), President Gutierrez singled out a number of media, including leading newspapers "El Universo" and "El Comercio", major television channels "Ecuavisa" and "Teleamazonas" and the Director of "Radio Vision" Diego Oquendo for telling "half-truths". After a predictable outcry from the media, which accused the administration of once again attempting to stifle freedom of press, Oa appeared on Oquendo's morning interview program, denied that the Administration had proposed legal action against any media outlet, and said that the only intent was to initiate a discussion of ways to eliminate rumors that harm the successful governance of the country.

4. Shortly after Oa's conciliatory appearance with Oquendo on "Radio Vision", President Gutierrez sent a letter to the Quito provincial prosecutor requesting an investigation of Oquendo for what he characterized as possibly criminal remarks against national security made in an interview with an ex-minister close to Gutierrez. In the interview, Oquendo stated he had information from reliable, highly placed sources that Colombia's FARC had contributed to Gutierrez's 2000 presidential campaign and asked if this were true. (The ex-minister responded in the negative.) In the wake of Gutierrez's request for an investigation, Oquendo, a longtime critic of Gutierrez, has used his morning radio program as a bully pulpit to lash out against the Administration and its "campaign against the press". The media, which, in general, has no great affection for the president, has rallied behind Oquendo. The president, through Oa, has unsuccessfully tried to calm the debate by claiming he was not accusing Oquendo of a crime, but was merely asking the prosecutor to determine the facts.

Pressures from the private sector

5. In September, Teleamazonas, one of four major national channels in Ecuador, began a series of programs on the bank collapse of 1999-2000 and individuals connected with it. Teleamazonas is owned by Fidel Egas who is the majority stockholder of Banco del Pichincha, the largest Ecuadorian bank. One segment was to have focused on Roberto Isaías, a member of a family that owns television stations Gamavision and TC in Guayaquil, as well as CN3, a cable news station. Isaías is now a fugitive and is residing in the U.S.; he was

convicted in absentia of fraud in the collapse of Filabanco and his case is now before an appellate court.

16. Officials from Teleamazonas and Banco de Pichincha reported to Embassy officials that Roberto Isaacs contacted the station and threatened retaliation if the segment on him aired. Those involved believed Isaacs was concerned that negative media coverage could adversely affect the pending appellate decision in his case. Teleamazonas offered to send a crew to Florida to allow Isaacs to appear on camera and give his side of the story, but he declined and the station proceeded to run the story. At the same time, Teleamazonas ran a story on Congressional deputy Patricio Dvila, former head of the Agency of Security Deposits, which implied that he had unjustly profited from Ecuador's banking collapse.

17. TCTV responded with a series of news stories questioning the solvency of the Banco del Pichincha (despite official government audit reports to the contrary), which resulted in significant withdrawals and speculation of collapse. At the same time, Davila accused the Bank of accounting irregularities. Also, Social Christian Party leader Leon Febres-Cordero, a congressional deputy, former president, and Isaacs ally, initiated a legal process to withdraw Teleamazonas' license based on a law prohibiting banks from owning communication media.

18. Faced with this onslaught, Teleamazonas and Banco del Pichincha sued for peace. Catholic church leaders brokered talks resulting in a "non-aggression pact" whereby Teleamazonas agreed to back off coverage of the Isaacs family connection to the Filibanco banking failure, and TCTV agreed to stop its attacks on the Banco del Pichincha. Concurrently, Teleamazonas promised to cease coverage of the accusations against Dvila, and he in turn agreed to desist from making allegations of banking improprieties. Thus far, the truce has held. Bank officials told Embassy officers that the bank is regaining its heretofore-solid credibility and depositors are returning. Teleamazonas believes the legal case against it will soon be dropped. A leading Teleamazonas producer told us, however, that this "soap opera" has had a chilling effect on Teleamazonas and the station will be more careful about whose interests it offends in the future.

Comment

19. During his tenure, Gutierrez has often been at odds with the press. His efforts to reign in the media, however, have been unsuccessful, and served only to create an outcry by and rally to arms of the media themselves. Such incidents as the Oquendo case have served to provoke discussion of the importance of freedom of the press and the need to resist governmental intimidation and interference.

110. More troubling is the chilling effect of private and business interests on the media demonstrated by the TCTV-Teleamazonas dispute. It is an example of the economic interests which limit freedom of the press by inhibiting the press from performing its watchdog function. In contrast to the Oquendo case, there was scant coverage or analysis of this dispute. The fact that the press feels free to criticize the government, but not a fugitive banker and his family business interests, reveals much about where the power lies in Ecuador.

Kenney